

Senate File 546 - Reprinted

SENATE FILE _____
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 1144)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to a hospital lien.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 1 Section 1. NEW SECTION. 582.0A DEFINITIONS.
1 2 1. "Health plan" means an individual or group plan that
1 3 provides, or pays the costs of, medical care as that term is
1 4 defined in the federal Health Insurance Portability and
1 5 Accountability Act of 1996, Pub. L. No. 104=191 and
1 6 regulations promulgated thereunder.
1 7 2. "Hospital" means a public or private institution
1 8 licensed pursuant to chapter 135B.
1 9 3. "Provider agreement" means a contract, understanding,
1 10 or arrangement made by an association, corporation, county,
1 11 municipal corporation, or other institution maintaining a
1 12 hospital in the state, with any health plan or other entity
1 13 for the provision or payment of health care services.
1 14 Sec. 2. Section 582.1, Code 2007, is amended to read as
1 15 follows:
1 16 582.1 NATURE OF LIEN.
1 17 1. Every association, corporation, county, municipal
1 18 corporation, or other institution, including a municipal
1 19 corporation, maintaining a hospital in the state, which shall
1 20 furnish medical or other service to any patient injured by
1 21 reason of an accident not covered by the workers' compensation
1 22 Act, shall, if such injured party shall assert or maintain a
1 23 claim against another for damages on account of such injuries,
1 24 have a lien upon that part going or belonging to such patient
1 25 of any recovery or sum had or collected or to be collected by
1 26 such patient, or by the patient's heirs or personal
1 27 representatives in the case of the patient's death, whether by
1 28 judgment or by settlement or compromise to the amount of the
1 29 reasonable and necessary charges of such hospital for the
1 30 treatment, care, and maintenance of such patient in such
1 31 hospital up to the date of payment of such damages; provided,
1 32 however, that this to the amount of the reasonable and
1 33 customary charges of such hospital for the treatment, care,
1 34 and maintenance of such patient in such hospital up to the
1 35 date of payment of such damages, except as provided in
2 1 subsection 2.
2 2 2. If a patient provides proof of insurance coverage under
2 3 a health plan within thirty days of the patient's discharge
2 4 from a hospital, the hospital shall submit all charges to the
2 5 patient's health plan prior to filing the notice of the lien
2 6 pursuant to section 582.2. The patient's health plan shall
2 7 not deny payment for medical services received on the basis
2 8 that a third party or other insurance carrier is responsible
2 9 for the patient's injuries. If the health plan is not subject
2 10 to the payment requirement under this subsection due to
2 11 federal preemption and the claim is denied because a third
2 12 party is or may be liable for the patient's injuries, the
2 13 health plan provider shall provide the hospital and the
2 14 patient with a statement detailing the amount the health plan
2 15 would have paid for the medical services provided and the
2 16 amount the patient would have been responsible for had the
2 17 claim not been denied. A health plan provider's failure to
2 18 provide a statement shall not affect the limitations on a
2 19 hospital lien pursuant to this section. This subsection shall

2 20 not prohibit a hospital from filing notice of a lien pursuant
2 21 to section 582.2 for the amount owed to the hospital due to
2 22 patient responsibility including but not limited to
2 23 deductibles, co-payments, and coinsurance.

2 24 3. If at any time subsequent to the filing of the notice
2 25 of the lien a hospital receives health plan information
2 26 regarding a patient, the hospital shall not be required to
2 27 withdraw notice of the lien but shall submit the hospital's
2 28 charges to the health plan. In such a case, the amount of the
2 29 hospital's lien shall be limited pursuant to subsection 2.

2 30 4. The lien shall not in any way prejudice or interfere
2 31 with any lien or contract which may be made by such patient or
2 32 the patient's heirs or personal representatives with any
2 33 attorney or attorneys for handling the claim on behalf of such
2 34 patient, the patient's heirs, or personal representatives;
2 35 provided, further, that the lien ~~herein set forth~~ shall not be
3 1 applied or considered valid against ~~anyone coming under a~~
3 2 ~~patient covered under the workers' compensation Act in this~~
3 3 ~~state pursuant to chapters 85, 85A, and 85B.~~

3 4 5. A hospital that recovers from a judgment, verdict, or
3 5 settlement pursuant to this chapter shall be responsible for
3 6 the pro rata share of the legal and administrative expenses
3 7 incurred in obtaining the judgment, verdict, or settlement.

3 8 Sec. 3. Section 582.2, Code 2007, is amended to read as
3 9 follows:

3 10 582.2 WRITTEN NOTICE OF LIEN.

3 11 No such lien shall be effective, however, unless a written
3 12 notice containing the name and address of the injured person,
3 13 the date of the accident, the name and location of the
3 14 hospital, and the name of the person or persons, firm or
3 15 firms, corporation or corporations alleged to be liable to the
3 16 injured party for the injuries received, shall be filed in the
3 17 office of the clerk of the district court of the county in
3 18 which such hospital is located, prior to the payment of any
3 19 moneys to such injured person, the person's attorneys or legal
3 20 representative, as compensation for such injuries; nor unless
3 21 the hospital shall also mail, postage prepaid, a copy of such
3 22 notice with a statement of the date of filing thereof to the
3 23 person or persons, firm or firms, corporation or corporations
3 24 alleged to be liable to the injured party for the injuries
3 25 sustained prior to the payment of any moneys to such injured
3 26 person, the person's attorneys or legal representative, as
3 27 compensation for such injuries. Such hospital shall mail a
3 28 copy of such notice to any insurance carrier which has insured
3 29 such person, firm or corporation against such liability, if
3 30 the name and address shall be known. Such hospital shall also
3 31 mail a copy of such notice to the injured person or to the
3 32 injured person's attorney or legal representative, if known.

3 33 Sec. 4. Section 582.3, Code 2007, is amended to read as
3 34 follows:

3 35 582.3 DURATION AND ENFORCEMENT OF LIEN.

4 1 1. Any person ~~or persons~~, firm ~~or firms~~, or corporation ~~or~~
4 2 ~~corporations~~, including an insurance carrier, making any
4 3 payment to such patient or to the patient's attorneys or heirs
4 4 or legal representatives as compensation for the injury
4 5 sustained, after the filing and mailing of such notice without
4 6 paying to such hospital the amount of its lien recoverable
4 7 pursuant to section 582.1 from such person, firm, or
4 8 corporation or so much thereof as can be satisfied out of the
4 9 moneys due under any final judgment or compromise or
4 10 settlement agreement, after paying the amount of any prior
4 11 liens, shall, for a period of one year from the date of
4 12 payment to such patient or the patient's heirs, attorneys, or
4 13 legal representatives, as aforesaid, be and remain liable to
4 14 such hospital for the amount which such hospital was entitled
4 15 to receive as aforesaid; any such association, corporation, or
4 16 other institution maintaining such hospital may, within such
4 17 period, enforce its lien by a suit at law against such person
4 18 ~~or persons~~, firm, ~~or firms~~, corporation ~~or corporations~~ making
4 19 any such payment.

4 20 2. Prior to payment by a person, firm, or corporation,
4 21 including an insurance carrier, to a patient's attorney, the
4 22 patient's attorney may notify the person, firm, or corporation
4 23 that will be making the payment that the attorney agrees to
4 24 assume responsibility for the satisfaction of some or all
4 25 liens of which the person, firm, or attorney has received
4 26 notice pursuant to section 582.2. Upon receipt of such
4 27 notification by the patient's attorney, such person, firm, or
4 28 corporation shall provide the patient's attorney with copies
4 29 of any lien notice relating to a hospital lien for which the
4 30 attorney has agreed to assume responsibility and such person,

4 31 firm, or corporation shall not thereafter be responsible to
4 32 any hospital encompassed by such notification. A patient's
4 33 attorney who so notifies a person, firm, or corporation and
4 34 who receives a copy of any lien notice encompassed by such
4 35 notification from the person, firm, or corporation shall pay
5 1 such hospital the amount to which the hospital is entitled
5 2 pursuant to section 582.1 from the amount received from the
5 3 person, firm, or corporation. If there is a dispute
5 4 concerning the amount owed to a hospital pursuant to section
5 5 582.1, a patient's attorney shall hold in trust the maximum
5 6 amount to which the hospital may be entitled pursuant to
5 7 section 582.1 and may disburse any other amounts to the
5 8 patient, attorney, or other persons entitled to the funds.
5 9 Any dispute concerning the amount owed to a hospital pursuant
5 10 to section 582.1 shall be resolved by the court in which the
5 11 patient filed an action to recover for the patient's injury
5 12 and the court shall retain jurisdiction of the case to resolve
5 13 the amount of the lien after dismissal of the action. If no
5 14 such action was commenced by the patient, a court in which
5 15 such action could have been brought shall have jurisdiction to
5 16 determine the amount owed to the hospital.

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